

evidence may be needed for a determination, that such overpayment exists or that the payments to be made may not be correct.

(b) A suspension shall be put into effect only after the provisions in §§ 405.371 and 405.372 have been complied with and the intermediary or carrier has determined that the suspension of payments, in whole or in part, is needed to protect the program against financial loss. The provisions of this section and §§ 405.371–405.373 shall be effective on May 27, 1972.

[37 FR 10723, May 27, 1972. Redesignated at 42 FR 52826, Sept. 30, 1977, as amended at 51 FR 41351, Nov. 14, 1986; 53 FR 6647, Mar. 2, 1988]

§ 405.371 Proceeding for suspension.

(a) *General.* Whenever the intermediary or carrier has determined that a suspension of payments under § 405.370 should be put into effect with respect to a provider of services or other supplier of services, the intermediary or carrier shall notify the provider or other supplier of its intention to suspend payments, in whole or in part, and the reasons for making such suspension. The provider or other supplier will be given the opportunity to submit any statement (including any pertinent evidence) as to why the suspension shall not be put into effect and shall have 15 days following the date of notification to submit such statement, unless the intermediary or carrier for good cause imposes a shorter period. The intermediary or carrier may, for good cause shown, extend the time within which the statement may be submitted. If no statement is received within the 15-day period or such other period as specified in the notice, the suspension shall go into effect.

(b) *Fraud or misrepresentation.* The provisions of paragraph (a) of this section shall not apply where the intermediary or carrier has reliable evidence that the circumstances giving rise to the need for a suspension of payments involves fraud or willful misrepresentation. Instead, the intermediary or carrier may suspend payments without first notifying the provider or other supplier of an intention to suspend payments. The provider or other supplier will be notified of

such suspension and the reasons for taking such action.

(c) *Notice of amount of program reimbursement.* The provisions of paragraph (a) of this section shall not apply where the intermediary, after furnishing a provider a written notice of the amount of program reimbursement pursuant to § 405.1803, suspends payment under paragraph (b) of such § 405.1803.

(d) *Failure to furnish information requested.* The provisions of paragraph (a) of this section shall not apply where the intermediary or carrier suspends payments to a provider or other supplier of services because such provider or supplier of services has failed to submit evidence requested by such intermediary or carrier which is needed to determine the amounts due such provider or supplier under the program (sections 1815 and 1833(e) of the Act).

[37 FR 10723, May 27, 1972, as amended at 41 FR 52050, Nov. 26, 1976. Redesignated at 42 FR 52826, Sept. 30, 1977]

§ 405.372 Submission of evidence and notification of administrative determination to suspend.

When pursuant to § 405.371(a) the provider or other supplier submits a statement, the intermediary or carrier shall consider such statement (including any pertinent evidence submitted), together with any other material bearing upon the case, and make a determination as to whether the facts justify a suspension authorized by § 405.373. If the intermediary or carrier determines that a suspension should go into effect, written notice of such determination will be sent to the provider or other supplier. Such notice will contain specific findings on the conditions upon which the suspension was based, and an explanatory statement for the final decision.

[37 FR 10723, May 27, 1972. Redesignated at 42 FR 52826, Sept. 30, 1977]

§ 405.373 Subsequent action by intermediary or carrier.

(a) Where a suspension is put into effect by reason of § 405.370(a)(1), such suspension shall remain in effect until whichever of the following first occurs:

(1) The overpayment is liquidated, (2) the intermediary or carrier enters into

an agreement with the provider or other supplier for liquidation of the overpayment, or (3) the intermediary or carrier, on the basis of subsequently acquired evidence or otherwise, determines that there is no overpayment; except that the intermediary or carrier may at any time adjust such suspension for an appropriate period if it determines that continuation of the suspension would cause irreparable harm to the provider or other supplier.

(b) Where the suspension is put into effect by reason of § 405.370(a)(2), the intermediary or carrier will take timely action after such suspension to obtain such additional evidence it may need to make a determination as to whether an overpayment exists or the payments may be made (i.e., evidence from the records of the provider or other supplier of services). All reasonable efforts will be made by the intermediary or carrier to expedite such determinations. As soon as such determination is made, the provider or other supplier will be informed and, where appropriate such suspension will be rescinded or adjusted to take into account such determination. If such suspension is not rescinded, it shall remain in effect as specified in paragraph (a) of this section.

(c) The provisions of this section shall not apply where the intermediary or carrier, in suspending payments pursuant to § 405.370, has reliable evidence that the circumstances giving rise to such suspension involve fraud or serious misrepresentation.

[37 FR 10723, May 27, 1972. Redesignated at 42 FR 52826, Sept. 30, 1977]

§ 405.374 Collection and compromise of claims for overpayments.

(a) *Scope.* This section contains requirements and procedures for the compromise of, or suspension or termination of collection action on, claims for overpayments against a provider, physician, or other supplier of services under the Medicare program. It is adopted pursuant to the Federal Claims Collection Act (31 U.S.C. 951–953). Collection and compromise of claims against Medicare beneficiaries is explained at 20 CFR 404.515.

(b) *Definitions.* As used in this section, *debtor* means a provider of serv-

ices or a physician or other supplier of services that has been overpaid under title XVIII of the Social Security Act. It includes an individual, partnership, corporation, estate, trust, or other legal entity.

(c) *Basic conditions.* A claim for recovery of Medicare overpayments against a debtor may be compromised, or collection action on it may be suspended or terminated, by the Health Care Financing Administration (HCFA) if:

(1) The claim does not exceed \$100,000, or such higher amount as the Attorney General may from time to time prescribe, exclusive of interest; and

(2) There is no indication of fraud, the filing of a false claim, or misrepresentation on the part of the debtor or any director, partner, manager, or other party having an interest in the claim.

(d) *Basis for compromise.* A claim may be compromised for one or more of the following reasons:

(1) The debtor, or the estate of a deceased debtor, does not have the present or prospective ability to pay the full amount within a reasonable time;

(2) The debtor refuses to pay the claim in full and the United States is unable to collect the full amount within a reasonable time by legal proceedings;

(3) There is real doubt the United States can prove its case in court; or

(4) The cost of collecting the claim does not justify enforced collection of the full amount.

(e) *Basis for termination.* Collection action may be terminated for one or more of the following reasons:

(1) The United States cannot enforce collection of any significant sum;

(2) The debtor cannot be located, there is no security to be liquidated, the statute of limitations has run, and the prospects of collecting by offset are too remote to justify retention of the claim;

(3) The cost of further collection action is likely to exceed any recovery;

(4) It is determined the claim is without merit; or

(5) Evidence to substantiate the claim is no longer available.

(f) *Basis for suspension.* Collection action may be suspended for either of the